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Approved For Release 2004/01/16: CIA-RDP79T00975A000900130001-7 25X1A SUMMARY GENERAL French to ignore Soviet demarche for the present (page 3). 1. FAR EAST 25X1 Chinese foray into Burma predicted for November (page 4). 3. Chinese Nationalists report successful island operation (page 5). 4. WESTERN EUROPE West German Ministry wants inter-zonal border police strengthened 6. (page 6). Pinay reported amenable to additions to EDC treaty (page 6). 7. Dutch to go ahead with ratification of EDC treaty (page 7). 25X1 Eden "furious" with French in Saar negotiations (page 7). 10. 25X1A **- 2** -25X1A

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GENERAL

1. French to ignore Soviet demarche for the present:

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The Deputy Director of Political Affairs in the French Foreign Ministry has told American officials in Paris that his government "intended to take no notice" of the recent

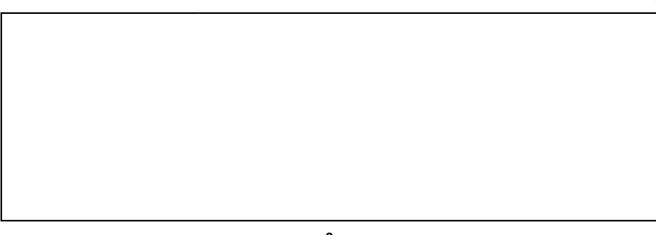
Vyshinsky demarche to Ambassador Joxe in Moscow. When Joxe returns to his post in late October and calls at the Soviet Foreign Ministry, he will not refer to the matter, and the official does not believe the Russians will bring it up.

The Director of Political Affairs has cautioned that his deputy's statement does not represent a change in French thinking. France still intends to consider the Soviet offer of bilateral conversations, but only on the basis of keeping the United States and Great Britain informed.

Comment: While the latest reports indicate that the French Government has so far decided to make no early move to accept the Soviet offer, a new wave of anti-American sentiment over North Africa or the Saar might alter French policy.

Premier Pinay's initial success in parrying the criticisms leveled at his foreign policy in the recent party congresses has probably allayed for the moment the temptation of French officials to use talks with the USSR as a political safety valve.

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3. Chinese foray into Burma predicted for November:

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Communist China intends, with Burmese acquiescence, to eliminate Chinese Nationalist troops in the Kengtung area of Burma, perhaps in late November, accord-

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In preparation for this move, Communist troops along the Kengtung-China border have allegedly been increased to approximately 5,000.

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Comment: The Chinese Communist 14th Army, believed to total some 35,000 men, is stationed in western Yunnan. Dispositions near the Kengtung border are not known.

On 2 October Chou En-Lai told the head of a visiting Burmese mission that China would respect Burma's integrity and act only against those Nationalists who crossed into China.

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4. Chinese Nationalists report successful island operation:

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In their capture of Nan Jih Island, off the coast of Fukien, on 13 October, the Chinese Nationalists committed 5,000 troops and engaged four Chinese Communist battalions,

During the three-day

operation, all the 2,000 Communists on the island were killed or captured. Over 800 Chinese Communist prisoners are being held for interrogation and reindoctrination on Formosa.

Comment: This is the largest and most successful island operation yet reported by the Chinese Nationalists. They have not previously transported a large group of Chinese Communist prisoners to Formosa.

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WESTERN EUROPE

6. West German Ministry wants inter-zonal border police strengthened:

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The West German Interior Ministry expects renewed incidents along the Soviet Zone border as soon as the Bonn and Paris treaties are ratified by the Bundestag in November.

For this reason it is asking the Western powers for permission to equip the Border Police with helicopters, additional armored cars, and 60-mm mortars. It also intends to ask the Bundestag to double the strength of the Border Police, which now numbers 10,000.

Comment: Federal Interior Minister Lehr has made many attempts to double the size of the Border Police, but he is opposed by the Finance Ministry.

7. Pinay reported amenable to additions to EDC treaty:

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French Premier Pinay reportedly has told the Foreign Affairs Committee of the National Assembly that the government would consider "certain modifications" in the EDC treaty

should the Assembly suggest them. Pinay gave the impression of favoring the idea of seeking "additions" to the treaty in the form of legislative guarantees from the United States and Britain.

A French Foreign Ministry official reports that Pinay was successful in satisfying the coalition parties and obtaining a breathing spell before the ratification debate.

Comment: Pinay's reported flexibility on this issue may foreshadow time-consuming efforts at renegotiation in the form of additional protocols and guarantees that would require the agreement of all six signatories to EDC.

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	8.	Dutch to go ahead with a	ratification of EDC treaty:
25X1A			An official Dutch spokesman has informed the American Embassy in The Hague that his government's decision to go ahead with ratification of the EDC treaty has not been affected by the increasing qualms of the French not, however, think Dutch ratification probable
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25X1A	10.	Eden "furious" with Fr	British Foreign Secretary Eden is 'furious with the French' regarding the Saar negotiations. He has instructed the British Ambassador to tell French Foreign Minister Schuman that if a date for the Saar elections is set, and the negotiations fail as a result, the responsibility will rest upon French shoulders. The Saar Landtag will decide on 27 or 28 October when to hold elections. Meanwhile, Schuman and Chancellor Adenauer are

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trying to reach agreement on a joint statement which would make it possible for the Saar elections to be postponed.

election date next week, the pro-German parties in the Saar will not be allowed to participate, as their applications for legal status have not been accepted. The rejection of these parties would considerably dampen prospects of an agreement on the Saar.